



INDUSTRY CIRCULAR

DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D. C. 20226

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INCREASE IN FEDERAL EXCISE TAX ON ALCOHOL AND TOBACCO PRODUCTS AND ITS EFFECT ON BOND COVERAGE

Wine Vinegar Manufacturers, Tobacco Export Warehouse
Operators and Others Concerned:

Purpose. This Industry Circular is issued to advise businesses who receive alcohol and tobacco products in bond, of certain provisions of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508, 104 Stat., 1388) and its impact on their bond coverage.

Background. Public Law 101-508, 104 Stat., 1388, enacted on November 5, 1990, increased the rate of tax on alcohol and tobacco products effective January 1, 1991. The new excise tax rates are listed below.

Effect on bond coverage. The change in tax rates may increase the liability which must be covered by the operations or withdrawal bonds. Therefore, proprietors receiving tax increased articles in bond, who do not already have a maximum bond, should recompute the coverage needed according to applicable regulations and the new tax amount. If present coverage is inadequate, file a strengthening or superseding bond to avoid incurring tax liability or other penalties.

NEW EXCISE TAX RATES EFFECTIVE JAN. 1, 1991

Note: A wine gallon (w.g.) is a standard U.S. volumetric gallon (231 cubic inches).

WINE

Type of Wine	Old Rate	New Rate
Not more than 14%	.17 per w.g.	1.07 per w.g.
More than 14%, but not more than 21%	.67 per w.g.	1.57 per w.g.
More than 21%, but not more than 24%	2.25 per w.g.	3.15 per w.g.
Champagne and other sparkling wines	3.40 per w.g.	3.40 per w.g.

Artificially
carbonated

2.40 per w.g.

3.30 per w.g.

TOBACCO PRODUCTS

Tobacco Product	Old Rate	91-92 Rate	1/1/93 Rate
Small Cigars	\$.75 per thousand	\$.9375 per thousand	\$1.125 per thousand
Large Cigars*	8 1/2% of wholesale not to exceed \$20 per thousand	10.625% of price not to exceed \$25 per thousand	12.75 of price not to exceed \$30 per thousand
Small Cigarettes	\$8.00 per thousand	\$10.00 per thousand	\$12.00 per thousand
Large Cigarettes	\$16.80 per thousand	\$21.00 per thousand	\$25.20 per thousand
Cigarette Papers	1/2 cent /50 papers	0.625 cent /50 papers	0.75 cent /50 papers
Cigarette Tubes	1 cent /50 tubes	1.25 cent /50 tubes	1.5 cent /50 tubes
Smokeless Snuff	24 cents per pound	30 cents per pound	36 cents per pound
Chewing Tobacco	8 cents per pound	10 cents per pound	12 cents per pound
Pipe Tobacco	45 cents per pound	56.25 cents per pound	67.5 cents per pound

* Determination of Price

The rate of tax for large cigars has been based on a percentage of the "wholesale price" as defined in 26 U.S.C. section 5702(m). Effective January 1, 1991, the basis will be a percentage of the "price" for which sold by a manufacturer or importer.

Inquiries. If you have any questions, please contact the following ATF office in your area:

Taxpayers in Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Ohio, South Dakota, Wisconsin, West Virginia:

Bureau of Alcohol, Tobacco and Firearms
550 Main Street, Room 6519
Federal Office Bldg.
Cincinnati, OH 45202
(513) 684-3335
FAX (513) 684-3168

Taxpayers in Connecticut, District of Columbia, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont:

Bureau of Alcohol, Tobacco and Firearms
841 Chestnut Street
Room 380
Philadelphia, PA 19107
(215) 597-2238
FAX (215) 597-7255

Taxpayers in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia:

Bureau of Alcohol, Tobacco and Firearms
2600 Century Parkway NE, Suite 305
Atlanta, GA 30345
(404) 679-5080
FAX (404) 679-5099

Taxpayers in Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, Texas, Wyoming:

Bureau of Alcohol, Tobacco and Firearms
1114 Commerce Street
7th Floor
Dallas, TX 75242
(214) 767-2277
FAX (214) 767-2750

Taxpayers in Alaska, Arizona, California, Hawaii,
Idaho, Montana, Nevada, Oregon, Utah, Washington:

Bureau of Alcohol, Tobacco and Firearms
221 Main Street
11th Floor
San Francisco, CA 94105
(415) 744-7011
FAX (415) 744-9443


Director

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Bureau of Alcohol, Tobacco and Firearms
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Official Business
Penalty for Private Use, \$300

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